

**BOARD OF FINANCE
REGULAR MEETING
AUGUST 28, 2006**

The Board of Finance held their Regular Meeting on Monday, August 28, 2006 in Conference Room B of the Parsons Complex. A. Detoro called the meeting to order at 6:36 p.m.

Board Members Present

A. Detoro
J. Fitzpatrick
B. Lema

Also Present

Mayor James L. Richetelli, Jr.
J. Doneiko, Finance Director

Excused

S. Skudlarek
S. Bergami

Mr. Lema and Mr. Fitzpatrick moved to appoint Mr. Detoro as temporary Chairman. Motion carried unanimously.

Consideration of the Minutes of the July 31, 2006 meeting.

Mr. Lema and Mr. Fitzpatrick moved to approve the minutes of the July 31, 2006 meeting as presented. Motion carried unanimously.

Correspondence – None

Old Business – None

New Business

- a. Mr. Lema and Mr. Fitzpatrick moved to approve Budget Memo Transfer #20, Fund 10 as drafted. Motion carried unanimously.
- b. Mr. Fitzpatrick and Mr. Lema moved to approve Budget Memo Transfer #21, Fund 10 as drafted.

Mr. Lema asked if that was a position that was not filled.

Ms. Doneiko responded yes noting the two departments were Building and Wastewater.

Motion carried unanimously.

- c. Mr. Lema and Mr. Fitzpatrick moved to approve an Ordinance Approving a Master Equipment Lease/Purchase Agreement for Computer Hardware/Software for the Board of Education.

Mr. Lema asked for an explanation on this.

Mr. Russell introduced himself and his assistant Terri DeVaney. He explained they have been trying to get a new system in place for several years and explained they also tried to go through their own budget but it was cut. He also stated they tried CIP and their Board cut that for other building projects. He stated they decided to try again this year and went out to bid. He explained they developed specifications and then looked at three of the lowest bidders. Mr. Russell stated they were very impressed with the lowest bidder, Sage Software out of Colorado and decided to go for a lease deal costing approximately \$47,000 a year for hardware and software. He explained the difficulties each of their departments has in talking with one another, i.e. personnel, payroll, etc. He reiterated the \$47,000 per year for 5 years.

Mayor Richetelli explained the reason this item is before the Board is if it is passed it has to be an Ordinance and the Board is passing the financing of this. The Mayor asked the percentage.

Mr. Russell responded 4.34%.

Mr. Lema commented it was his understanding there were no out-of-pocket costs and essentially they were borrowing.

Ms. Doneiko explained the legal process and stated they had not done any capital leases on a tax-exempt basis. She gave a lengthy explanation as to the appropriations on the lease payment.

Mr. Lema asked if they would see this on the city side of the budget and asked about reimbursement.

Ms. Doneiko replied the Board of Education is responsible for making payments on the appropriations.

Mr. Fitzpatrick asked if there would be a line item for this.

Mr. Russell stated their budget would have a line item entitled "Financial Information Systems".

Mayor Richetelli reiterated the Board of Education is responsible and that this would be in their budget for the next five years.

Ms. Doneiko added the Board of Education would take care of the accounting, disclosures, document signing, etc. and they would take care of the authorizations to bond counsel.

Mr. Lema stated his concern was seeing it in the budget.

Mr. Fitzpatrick asked what a contract had been signed before any approval.

Mr. Russell responded their system is so outdated they were planning on moving forward and that they had reserved the money for it. He stated the Board of Education is in favor of it and explained the deadlines.

Mr. Fitzpatrick asked if the contract had been signed.

Mr. Russell responded yes and that they have the money on reserve and gave a lengthy explanation as to the process.

Mayor Richetelli commented it was his understanding at the end of the lease what they are paying they would not longer need.

Mr. Russell responded yes and explained how they reconcile the personnel side with the payroll side.

Mr. Fitzpatrick asked if at the end of the 5 years they own this system. He also asked if they had received anything from other communities regarding this system.

Mr. Russell stated not in writing but that they had spoke with a school district in Laredo, TX. He stated the system is phenomenal and explained the difference between the systems.

Mr. Fitzpatrick asked if the \$220,000 is a bottom line cost and asked about maintenance costs.

Ms. Doneiko asked if they have coverage the first year. She also asked how many districts in Connecticut use this system.

Mr. Russell responded none. He stated there are 10 districts that use the system and that it is widely used in New Jersey and other states.

Ms. Doneiko asked how long the company had been in existence.

Mr. Russell replied 10-12 years.

Mr. Detoro asked who developed this system.

Ms. Deveney responded IDI.

Mr. Detoro asked if this system would provide payroll, accounts, etc.

Mr. Russell replied human resources, applicant portal, fixed assets, accounts payable, receivable, warehouse, etc.

Mr. Detoro stated basically it would run everything. He asked if they expected any additional personnel with this system.

Mr. Russell replied no.

Mr. Detoro asked what the 5 years was not written into this agreement.

Ms. Doneiko responded basically they are appropriating the money to approve the issuance of notes and bonds. She stated they are not appropriating money here and that basically this is being done because of IRS Code.

Mayor Richetelli added this had been written and approved by the City's bond counsel.

Mr. Russell stated the equipment would be in around September 10, 2006 and that the software had already been delivered.

Motion carried unanimously.

Staff Report

Ms. Doneiko reported they are working to close the year-end and that they are also working on the official statement.

Mr. Fitzpatrick asked if the bonding cost is a percentage of the budget and what it is.

Ms. Doneiko responded it is approximately 6.4%. She explained they try to keep the dept under 10% of the total budget.

Being no further business to discuss, Mr. Fitzpatrick and Mr. Lema moved to adjourn. Motion carried unanimously. The Board adjourned at 6:59 p.m.

Respectfully submitted,

Kathleen K. Huber
Recording Secretary, Acting for
Donna E. Holden